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PARCEL 18/KINGSTON-BEDFORD LINKAGE;

DEVELOPMENT OF A NEIGHBORHOOD ECONOMY

## I. Introduction

### A. Summary

Parcel 18 represents a potential for development of a neighborhood economy and the strengthening of the economic base of the city as a whole. A fundamental turn of fortune would be involved. Parcel 18 and Roxbury had borne the brunt of the city-wide loss of manufacturing industry, jobs and population in the 30-year period, 1950-80, while the metro-region thrived, reflecting national trends of suburbanization and decentralization of industry. In the last ten years, however, the Downtown has revived with the expansion of the office economy and an influx of population, though Roxbury continued to languish. But now, Parcel 18 and Roxbury are on the threshold of revitalization flowing from the City's new economic base, and jobs, as well as the young adults, older empty-nesters and minorities flowing into Boston. New directions in Roxbury are also now favored by tax fairness, and the near-completion of a major transportation facility - the relocated Orange Line. At the same time, the development of Parcel 18 is important both to Roxbury and the City's office economy, where small firms are threatened with displacement and gentrification as leases for older (Class C) space expire over the next four years. The re-aggregation of the City's economy is needed to avoid the export of jobs again. Roxbury has the largest concentration of underutilized labor force in New England, skills are rising, wages are lower, and

space is cheaper. Parcel 18 has a location advantage; seven minutes from Back Bay and eleven minutes from Downtown, with complementary services available that are not to be found in Metro West. The prospect for the development of a neighborhood economy would signify the enfranchising of a people who have been by-passed. With the Federal government and Gramm-Rudman withdrawal of the national helping-hand, and the limited capacity of the City to raise tax revenue, the Parcel 18 strategy, relying primarily on private developer interest and public-private partnership, may be considered a welcome response.

B. Postwar Decline In Boston and Disaster in Roxbury

As the wave of suburbanization of the population and decentralization of industry swept over the country, in the three decades following World War II, Boston was sorely impacted, but Roxbury was devastated.

Boston's decline included loss of population and jobs, especially industrial employment, and a severe rise in unemployment. Boston's population fell by 238,000 from 1950 to 1980, a reduction of 30 percent.

The City gave up 50,000 jobs between 1947 and 1976. In the case of manufacturing, the erosion was even larger, with a withering away of 59,000 jobs in this period, offset in part by the beginning of the services and money management revolution. In the interim, Boston's economic structure was in the early stages of transformation, Manufacturing had represented 20 percent of total employment in 1947 and only 11 percent by

1976. Job loss was the sign of the times as unemployment doubled, rising from a rate of 7 percent, in 1950, to 14 percent in 1975.

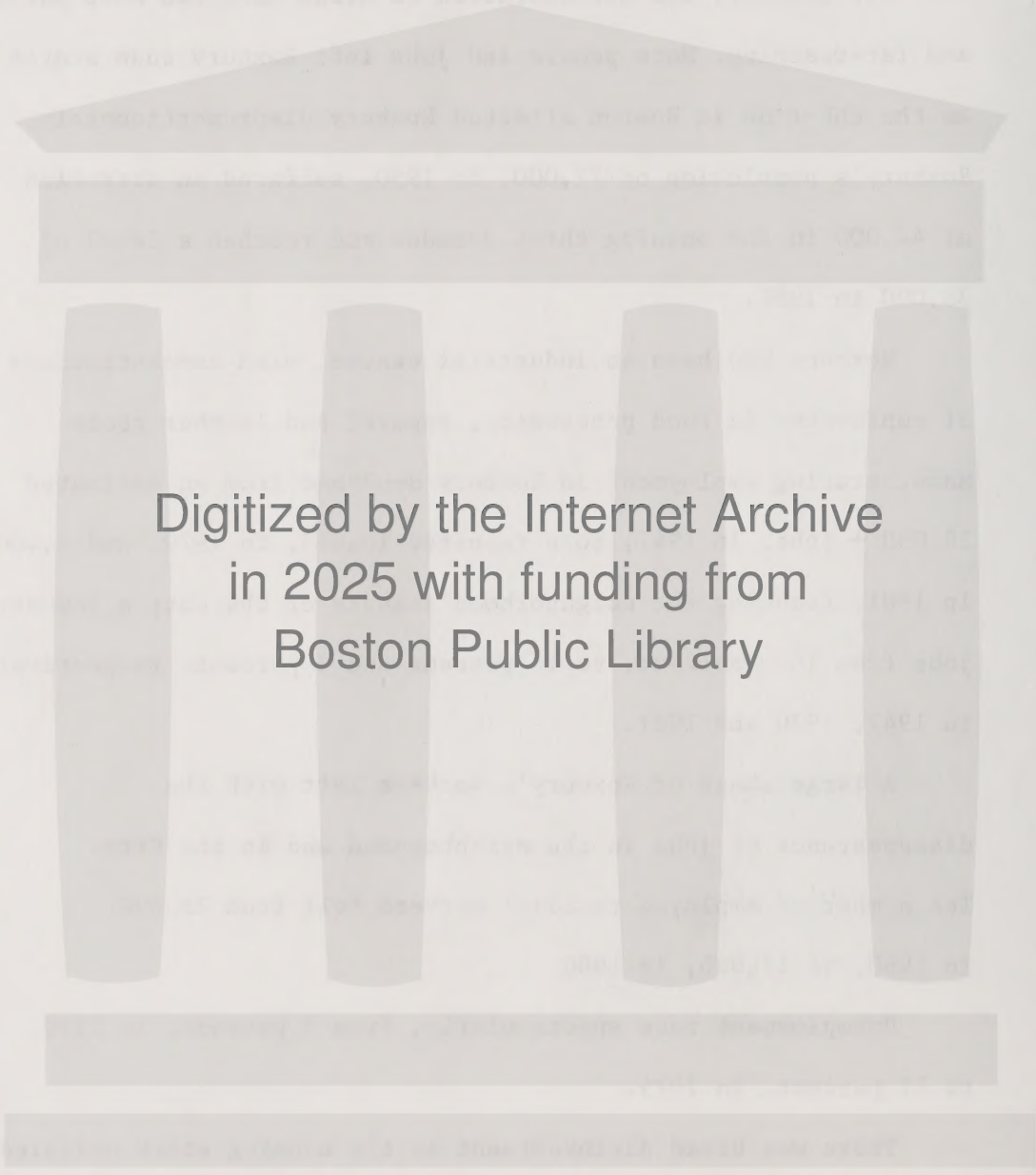
For Roxbury, the deterioration of urban life was more pervasive and far-reaching. More people and jobs left Roxbury than stayed as the ebb-tide in Boston affected Roxbury disproportionately. Roxbury's population of 77,000, in 1950, suffered an attrition of 44,000 in the ensuing three decades and reached a level of 33,000 in 1980.

Roxbury had been an industrial center, with concentrations of employment in food processing, apparel and leather goods. Manufacturing employment in Roxbury declined from an estimated 20,000 + jobs, in 1947, to a reported 10,000, in 1970, and 4,400, in 1981, reducing the neighborhood's share of the city's industrial jobs from 18 + percent, to 16 percent and 9 percent, respectively, in 1947, 1970 and 1981.

A large share of Roxbury's workers left with the disappearence of jobs in the neighborhood and in the City. The number of employed resident workers fell from 28,000, in 1950, to 11,000, in 1980.

Unemployment rose spectacularly, from 9 percent, in 1950, to 17 percent, in 1975.

There was broad disinvestment as the housing stock dwindled from 22,000 dwelling units, in 1950, to 14,000, in 1980; abandonment, demolition and arson slimmed down the neighborhood's housing stock by more than one-third.



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C. Blossoming of the Boston Metro Region

While suburbanization was impacting Boston and Roxbury, the Metro Area was gaining people and jobs. The Boston Metro population rose from 2,370,000, in 1950, to 2,574,000, in 1970, and 2,765,000, in 1984, an overall increase of 395,000 (17 percent). Employment growth was even larger as the Metro Area drew on workers in the larger metro region. The 1947 employment level of 920,000 workers expanded to 1,269,000, in 1976, and 1,650,000, in 1985, representing a 38 year increment of 730,000 jobs (80 percent). In 1985, Metro Boston was in the top rank among the nation's largest metro areas with a record low unemployment rate of 3.9 percent.

The larger Metro Region (embracing a 1984 population of 4,026,600) ranked 5th in employment level (in 1983), 6th in population, 7th in personal income and 15th in per capita personal income, among the nation's 330 metro areas. Most significantly, the Metro Region is projected to prosper and improve in rank, by the year 2000, to 4th in employment size, 5th in population, 6th in personal income, and 11th in per capita personal income, according to a year-end report of the U.S. Department of Commerce.

Economic transformation is the secret of the Metro Area success. The share of employment in finance and services has expanded from 28 percent, in 1970, to 39 percent, in 1983, and high-technology now makes up 40 percent of manufacturing employment in the Metro Area. And unemployment declined even with the lay-off of 7,000 hi-tech workers in 1985.

The office industry in suburban centers in the Boston Metro Area has been making great strides and now rivals that in the City in overall size, totalling 24 million square feet of (Class A) space in comparison with 26 million for the City, in 1985. In 1974, Boston had dominated with its 14 million square feet of Class A space making up two-thirds of the Metro Area's 21 million. About half of the suburban centers' space rents for $20 a square foot, and comprises "back-office" and "research and development" space. As of year-end 1985, however, the Boston office market was healthier with an office vacancy rate of 8 percent,-- less than half that of the metro area suburban ring.

D. Revival of Boston's Downtown As a Place To Live and To Work

Structural transformation in the economic base in the form of growth in many management and finance, professional and business services has brought an extraordinary turning of the tide for Boston's Downtown in the last decade. While Downtown led the way in job growth, and population and housing, in Boston, however, Roxbury's decline continued.

From 1976 to 1985, 45,000 of the city-wide gain of 84,000 jobs centered in Boston's Downtown, representing an increase of 18 percent. There were advances, too, in jobs in higher education and medicine in the Fenway-Kenmore, Allston-Brighton, and Jamaica Plain neighborhoods, and in air transportation, in East Boston. But, in Roxbury, there were continued losses in jobs and population and housing stock.

Downtown's notable gain in jobs was complemented by advances

in population and housing. From 1970 to 1985 Downtown's population increased by 12,000 and housing by 6,000 dwelling units, making up an increment of 26 percent and 24 percent, respectively. Improvement in amenities and demographic trends also favored Downtown. Young middle class adults, largely professional, flowed into Downtown, abandoning the suburbs in which they were raised, in the 1970-1980 decade, even while the City as a whole was losing population.

Office development is the heart of the money management, communications, business and professional services economy Downtown. Since 1970, 17 million square feet of Class A office space (defined as that built since 1960 or renovated to new condition) has been constructed Downtown, making up two-thirds of the total city-wide Class A space (26 million square feet), and 40 percent of all office space including that erected prior to 1960. The Downtown office market is uniquely healthy, with vacancies at a low 8 percent as of year-end 1985.

Boston's Downtown office space makes up a premium market. Downtown houses the national and regional headquarters offices, the posh law, accounting, engineering and architectural firms, the businesses with presentable "front" offices. Downtown's average office rental rate of $34 a square foot is exceeded only by that in New York City and San Francisco.

With healthy demand and rental rates of this magnitude, Boston is also the Nation's premier city for historic preservation, rehabilitation and conversion of older office space. Since 1975, 8.4 million square feet of older Downtown office space have been renovated to new condition.

Downtown's remaining 17 million square feet of older office space houses small firms and back-office uses dependent on and suitable for the lower office space rental rates in the $12-$24 per square foot range.

Downtown's success could also be Boston's Achilles heel. With the market pressures for conversion of older space, there has been displacement of smaller firms and back office uses as the process of gentrification proceeded. Office Industry sources project a potential for conversion of an additional five million square feet of older office space by 1990 as leases expire. There is the threat of the loss of up to 20,000 jobs to Boston unless suitable lower-cost back office space can be generated in Parcel 18, the Charlestown Navy Yard, Fort Point Channel, the Leather District and North Station, as Downtown gentrifies. The threatened jobs are also precisely those that could represent access and opportunity for Boston's minorities.

E. The Potential For Parcel 18 & Roxbury:

Jobs, Occupational Opportunities, Income

F. Re-Aggregation Of The Boston Economy;

A Look At The Future

G. A Public - Private Partnership;

Responding To Gramm-Rudman